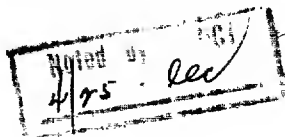


I concur in the recommendation of AD/RR
that letters of commendation be sent to the key
IAC individuals involved in the China trade paper
and recommend that you sign the letters prepared.

LEF



24 Apr 52
(DATE)

AUG 15 1952

MEMORANDUM FOR: SPECIAL ASSISTANT, INTELLIGENCE, DEPARTMENT
OF STATE
ASSISTANT CHIEF OF STAFF, G-2, DEPARTMENT
OF THE ARMY
DIRECTOR OF NAVAL INTELLIGENCE, DEPARTMENT
OF THE NAVY
DIRECTOR OF INTELLIGENCE, HEADQUARTERS, UNITED
STATES AIR FORCE
DIRECTOR OF INTELLIGENCE, ATOMIC ENERGY
COMMISSION
DEPUTY DIRECTOR FOR INTELLIGENCE, THE JOINT STAFF
ASSISTANT TO THE DIRECTOR, FEDERAL BUREAU OF
INVESTIGATION

SUBJECT: Intelligence Deficiencies Revealed in SE-27

1. The Office of National Estimates has reviewed with the IAC representatives the intelligence deficiencies in SE-27. These have been presented in Enclosure A.

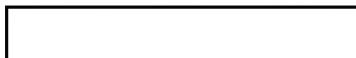
2. Inasmuch as the intelligence deficiencies are primarily in regard to economic matters, I have requested Mr. Amory, as the Chairman of the Economic Intelligence Committee (EIC), to take up with that Committee as an urgent matter:

a. The review of existing guidance in this field to collection agencies;

b. Action required to fill the specific gaps as pointed out on page four of the enclosure relating to seaborne exports from the Communist bloc to Communist China and railroad transportation;

c. Consideration of what additional research facilities within the community should be provided in order to strengthen our research in this field.

3. I am requesting Mr. Amory to make available to me and to the other IAC members a progress report within six weeks.



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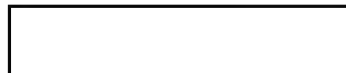
4. The statement of intelligence deficiencies points out needs for coordinating, translating, indexing, and distributing the material already available on Communist China. I have requested Mr. Reber, the Assistant Director for Intelligence Coordination to look into this question with the IAC agencies and similarly to submit a report to me and the IAC within six weeks. In connection with this Mr. Reber will keep in close touch with Mr. Amory and will seek the advice of the EIC Subcommittee on Requirements.

WALTER B. SMITH
Director

JQR/mpb-OIC

DISTRIBUTION

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